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4 November 1954

MEMORANDUM FOR: Comptroller

FROM : Acting Chief, Finance Division

SUBJECT : Field Trip [ ]

SPECIFIC : General Conditions Encountered; Corrective Action Taken

There is set forth below an interim report outlining the financial condition at the [ ] Station upon the arrival of [ ] A complete report of the situation at this Station will be submitted upon the receipt of a pouch from the field containing [ ] notes, and it is to be borne in mind that all figures in this interim report are approximate.

I. Physical Security of Funds.

[ ]

b. Action Taken - Funds were removed from all of the above places and placed in one master three-way combination vault under the control of the Administrative Officer at the Station who was instructed that she is to be the only person knowledgeable of the vault's combination and that a sealed envelope with the combination be placed in the Chief of Station's safe.

II. Station Personnel Concerned with Finances.

a. Chief of Station - [ ]  
Administrative Officer  
Custodian of Funds

b. Action Taken - Upon advice received at the Station of [ ] pending arrival and [ ] return from Washington TDY, [ ] performed an audit of the Station Accountings. When numerous errors were discovered, [ ] from Finance activity and the job was taken over [ ] upon arrival, readily concurred with this transfer.

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III. Cash Count.

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a. All previous cash counts had been certified by [ ] who was the Custodian of Funds appointed by the Chief of Station. If an actual cash count had been made, it is apparent from the existing discrepancies that it was never reconciled and/or verified to the book-figures or cash-on-hand. At no time did more than one person count the cash as required by Regulations.

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b. Action Taken - Cash was counted by [ ] upon arrival, and at the close of the Station's working month. Upon reconciliation with book-figures, an immediate overage was apparent but was subsequently found to be due to the fact that certain receipts had not been recorded or had been improperly recorded. All funds were counted completely with the exception of [ ] where the volume of units on hand necessitated a 50 per cent sampling. [ ] packaged in bundles of 1,000, were procured directly from the [ ]

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IV. Cash Shortage - [ ]

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a. [ ] had established that [ ] reviewed the Station Accountings and had listed discrepancies occurring in the Station's receipts. This had been done prior to the receipt of a dispatch from the Finance Division outlining these discrepancies. This resulted in a net shortage of approximately [ ]

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b. Action Taken - A complete check was made of all Station records and operational Accounting reports to the Summary Accountings and immediate discussions were held with all Case Officers concerned. These actions resulted in uncovering four or five errors totaling approximately [ ] and the balance of [ ] rd as a shortage in the Station's 21 September to 20 October 1954 Accounting.

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V. Cash Overage - U. S. Dollars.

a. The cash count revealed a U. S. Dollar overage of \$69.91.

b. Action Taken - A complete review of Station records failed to reveal the source of this overage.

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VI. Cash Shortage - [ ]

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a. The cash count revealed a shortage of [ ]

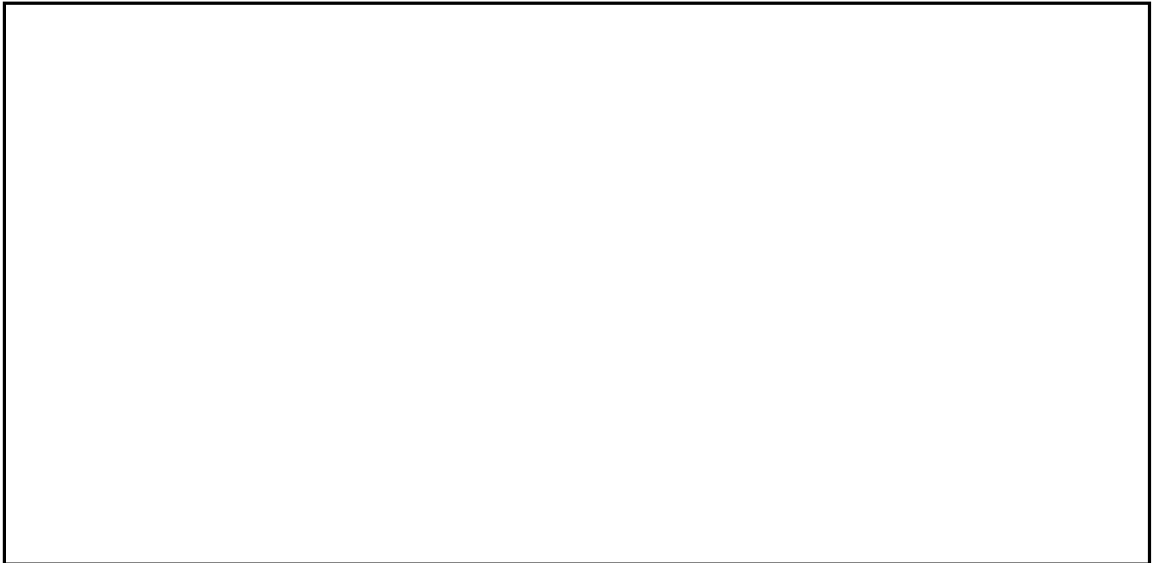
b. Action Taken - A check of the records indicated that this shortage was an arithmetical error in the Summary Accounting and the necessary adjustment was made.

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VII.



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## VIII. Advances.

a. The Station carried five advances on its books whereas actually twenty-five to thirty advances were outstanding, the remainder being included as either disbursements or cash on hand. Documentation in support of advances which had been treated as expense were generally forwarded to Headquarters several months after the voucher was prepared. Funds were being issued without approvals and the advancee was not required to submit documentation in support of his request for funds.

b. Action Taken - All outstanding items were recorded in the Station records and carried as advances. A "Request for Funds" form was devised and approval placed at the Administrative Officer's level.

## IX. Accounting Procedures.

a. When a disbursement of funds was made by the Station, a hand entry was made in the Cash Journal by the Custodian of Funds. Where transfers of accountability from other stations were received for purchase of tickets for [ ] Station personnel, they were immediately written off to expense without further accounting by the advancee. Regulations in general did not receive proper attention, and as a result standards of accounting control were not being maintained.

b. Action Taken - Forms were devised to handle request for funds, acknowledgment of receipt of funds and certification for lack of receipts from the final recipient, so that every disbursement of funds now has documentation other than the hand entry in the Cash Journal. Throughout [ ] tour the intent and meaning of Regulations were discussed with the Administrative Officer.

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X. Suspense Items.

a. Headquarters had approximately 130 transactions held in suspense for various reasons, mainly the lack of proper receipts.

b. Action Taken - Documentation required to clear these Suspensions was obtained from the individuals concerned in all but nine of the 130 transactions. When the individuals concerned with these nine items return to [ ] from outlying bases, the Administrative Officer will secure the documentation required and forward it to Headquarters.

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XI. Dollar Disbursements.

a. When the Station computed claims in U. S. Dollars, they paid in U. S. Dollars, and there was apparently no differentiation made between those Dollar payments which could be approved by the Chief of Station and those requiring Headquarters approval.

b. Action Taken - The Station was informed that they were authorized to disburse Dollars only for operational purposes and for travel outside the country and that all other Dollar disbursements required Headquarters approval.

XII. Rate of Exchange.

a. The Station was converting U. S. Dollar obligations to employees at the rate of [ ]

b. Action Taken - Rate was changed to [ ] 25X1A

XIII. Payroll Reports.

a. The provisions of [ ] (payroll) were not being followed by the Station. Overtime reports and FSS salary increases were forwarded only when convenient and yearly clearance sheets were not executed.

b. Action Taken - The Administrative Officer was made fully aware of the necessity for immediate compliance with payroll provisions.

The problems arising at the [ ] Station were due primarily to the fact that the Custodian of Funds was not properly qualified to handle the assignment. The workload at the Station during the past year was such that qualified supervision was not available to the Custodian of Funds, and as a result these deficiencies continued without the responsible officials at the Station being aware of them.

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